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Towards global partnerships

Joint Inspection Unit

United Nations system-private sector partnership arrangements in the context of the 2030 Agenda for Sustainable Development

Note by the Secretary-General

The Secretary-General has the honour to draw the attention of the members of the General Assembly to the report of the Joint Inspection Unit entitled "The United Nations system-private sector partnerships arrangements in the context of the 2030 Agenda for Sustainable Development", which is available under the symbol JIU/REP/2017/8.

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Item 142 of the preliminary list*
Joint Inspection Unit

Item 28 of the preliminary list*
Towards global partnerships

United Nations system: private sector partnerships arrangements in the context of the 2030 Agenda for Sustainable Development

Note by the Secretary-General

Addendum

The Secretary-General has the honour to transmit to the members of the General Assembly his comments and those of the United Nations System Chief Executives Board for Coordination on the report of the Joint Inspection Unit entitled "The United Nations system: private sector partnerships arrangements in the context of the 2030 Agenda for Sustainable Development" (see A/73/186).

* A/73/50.

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Summary

In its report entitled "The United Nations system: private sector partnerships arrangements in the context of the 2030 Agenda for Sustainable Development", the Joint Inspection Unit, building on previous reports and analyses on the cooperation between the United Nations system and the private sector, reviews, through the lenses of the 2030 Agenda for Sustainable Development, the engagement of the private sector in support of United Nations goals.

The present note reflects the views of organizations of the United Nations system on the recommendations provided in the report. The views have been consolidated on the basis of inputs provided by member organizations of the United Nations System Chief Executives Board for Coordination, which welcomed the report and supported some of its conclusions.

I. Introduction

1. The report of the Joint Inspection Unit entitled "The United Nations system: private sector partnerships arrangements in the context of the 2030 Agenda for Sustainable Development" (see A/73/186)[1] examines the supporting framework provided by the United Nations system to facilitate the contribution of the private sector to the implementation of the 2030 Agenda for Sustainable Development along legal, financial, administrative, operational and motivational dimensions.

II. General comments

2. Organizations of the United Nations system welcome the report of the Joint Inspection Unit and generally support its findings and recommendations. Organizations note that their specific needs and objectives in respect of engagement with the private sector vary depending on their mission and mandate as well as their size, and that a one-size-fits-all approach to partnering with the private sector is therefore bound to present challenges and be subject to limitations.

3. Organizations recognize the ability of the private sector to adjust quickly to evolving development demands and needs, and note how the United Nations system is increasingly expected to look at new ways of partnering with the private sector to create shared value and achieve impact as measured against the Sustainable Development Goals. Organizations are therefore supportive of the idea of updating the frameworks of collaboration and creating a shift in focus towards stimulating partnerships rather than simply offering protection from risk.

4. Organizations underscore the importance of taking into consideration the specificities of individual organizations and their governing and reporting structures, and invite the Joint Inspection Unit to be specific in the formulation of its recommendations, particularly when those recommendations are targeting governing bodies of United Nations entities besides the General Assembly, to facilitate timely follow-up and related reporting.

5. Organizations note that the report, focusing primarily on Headquarters, does not elaborate sufficiently on the capacity needs at regional and country levels. Regarding the national-level dimension, organizations also note that the report does not reflect the establishment, within the context of the United Nations Sustainable Development Group, of a dedicated Results Group for Strategic Partnerships. The Results Group, with its specific focus on the private sector, is tasked with developing a United Nations-coordinated approach to strategic partnerships with the private sector, aligning tools and due diligence processes, and supporting countries and regions in their development of collaborations with the private sector. The Results Group, which is also tasked with simplifying processes so as to facilitate an increase in partnerships and effective communication between the United Nations and the private sector, is referring to the recommendations of the Joint Inspection Unit within the scope of its work. United Nations organizations are members of the Results Group, as are other relevant offices, including the Global Compact Office and the United Nations Office for Partnerships.

6. Further, some organizations consider that the use of the terms "business sector" and "private sector" interchangeably in the report has the potential to create confusion in the minds of readers and decision makers, as the private sector comprises both for-profit (business) and not-for-profit entities, while the term "business" refers to organizations whose aim is to make a profit. Foundations (as mentioned specifically in box 1 of the report) do not fall under the business heading.

[1] General Assembly resolution 70/1.

III. Comments on specific recommendations

Recommendation 1

The General Assembly of the United Nations should consider a review of the "Guidelines on a Principle-based Approach to the Cooperation between the United Nations and the Business Sector", with a view to reflecting the changes needed to bring about the increased contribution expected from the private sector in the implementation of the 2030 Agenda for Sustainable Development and their system-wide implications, based on a report by the Secretary-General of the United Nations to be submitted during the seventy-third session of the General Assembly. The review should take into account an updated common interpretation of Assembly resolution 92 (I), entitled "Official Seal and Emblem of the United Nations", shared by the network of legal advisers from all United Nations organizations that are members of the United Nations System Chief Executives Board for Coordination.

7. Organizations support this recommendation, noting that it is addressed to the General Assembly of the United Nations. With respect to the statement that the review of the Guidelines "should take into account an updated common interpretation of Assembly resolution 92 (I) ... shared by the network of legal advisers from all United Nations organizations that are members of the United Nations System Chief Executives Board for Coordination"; it should be noted that the authoritative interpretation of Assembly resolution 92 (I) falls within the purview of the Assembly.

8. Organizations support the need for consistency in the interpretation of the United Nations guidelines related to the use of the official seal and emblem of the United Nations, as they recognize that since the private sector views all United Nations entities as part of "One UN", negotiations with partners may become difficult when there are different interpretations of the same guidelines.

9. However, in connection with the review of the Guidelines referred to in recommendation 1, although under the United Nations Global Compact the opinion is that issuing updated guidelines in the form of a Secretary-General's bulletin may ensure stronger system-wide implementation for maximum impact, other organizations caution against the adoption of stringent common standard guidelines, as they may not be aligned with the specific mandates established for organizations by their governing bodies (see, for example, the Framework of Engagement with Non-State Actors, as adopted for the World Health Organization by the Sixty-ninth World Health Assembly by its resolution WHA69.10; or the mandate of the International Labour Organization).

Recommendation 2: A set of rules and operational guidelines for partnerships with the private sector

The Secretary-General of the United Nations should propose, after prior consultation with all participating organizations, a set of operational rules and guidelines designed to match the specific needs of the partnerships with private sector entities, allowing for greater flexibility, simplification of procedures and speed in reaction. The proposals of the Secretary-General should be submitted to the General Assembly, at the latest during its seventy-fourth session (2019–2020).

10. Organizations are generally supportive of this recommendation, and recognize the possible benefit that the identification of a common methodology for the valuation of in-kind contributions across the United Nations system could provide to both organizations and partners. Organizations also recognize the importance of engaging

other communities of practice in such conversations, including the procurement, financial and legal advisers' networks.

11. With respect to the part of the recommendation concerning the revision of the financial regulations and rules, particularly those related to procurement, it should be noted that they are derived from the Financial Regulations and Rules of the United Nations, as approved by the General Assembly.[2] Under regulation 5.12 of the Financial Regulations and Rules of the United Nations, it is provided that in the exercise of the procurement functions of the United Nations, due consideration should be given to the principles of effective international competition and fairness, integrity and transparency, among others. Nevertheless, organizations support the view that this should not diminish the value of a comprehensive review of the existing rules and their suitability in the current partnership environment.

12. Moreover, the principles of geographical diversity and procurement on the basis of effective and transparent international competition have been repeatedly endorsed by the General Assembly. As regards the principle that a partnership should not lead to preferential treatment in the procurement process, it is noted that this was endorsed by the Secretary-General, in consultation with the executive heads of separately administered organs and programmes of the United Nations, and set out in Secretary-General's bulletin ST/SGB/2006/5, entitled "Acceptance of pro bono goods and services".

Recommendation 3: brokering partnerships and providing advice

The Secretary-General of the United Nations and the heads of United Nations system organizations, assisted by the United Nations Global Compact, should coordinate and streamline a unique, system-wide package of information about the opportunities for partnerships offered to the private sector by the Sustainable Development Goals, for the benefit of interested organizations.

13. Organizations generally support this recommendation and recognize the value of identifying, defining and prioritizing needs in order to support the development of transformational partnerships with the private sector in connection with the implementation of the Sustainable Development Goals, including through the development of system-wide information. Nevertheless, some organizations express reservations regarding the effectiveness of a system-wide approach, and find that, in practical terms, managing a single consolidated platform is likely to be cumbersome and information-heavy and that maintaining up-to-date information may pose a challenge, as organizations are at different levels of maturity in managing private partnerships and have different approaches.

14. However, organizations note that the United Nations Business Action Hub (at https://business.un.org/), an underutilized consolidated platform for United Nations-business engagement, could be leveraged in support of this recommendation. The Hub offers a system-wide platform through which the United Nations can connect interested companies and explore partnership opportunities. Currently, over 40 United Nations entities have profiles on the platform, conveying their priorities and partnership interests to companies of all sectors and sizes worldwide.

15. As the title of the recommendation contains the phrase "providing advice", organizations note that it would be important to clarify what advice is to be provided, who is to provide it and to whom it is to be provided.

[2] ST/SGB/2013/4.

Recommendation 4: streamlining responsibilities within the United Nations Secretariat

Within his current reform initiatives, the Secretary-General of the United Nations should review, streamline, clarify and strengthen the division of labour and the specific lines of responsibility and accountability within various departments of the Secretariat, in particular the mandate of the United Nations Office for Partnerships "to provide advice on, guide and facilitate partnership events and initiatives in support of the Sustainable Development Goals".

16. Organizations generally support this recommendation.

Recommendation 5: enhanced role for the Private Sector Focal Points Network

The heads of United Nations organizations should enhance the role and responsibilities of the Private Sector Focal Points Network with regard to sharing knowledge, promoting good practices and finding innovative solutions to problems related to partnerships with the private sector, including by entrusting them with specific tasks and agenda items on which to report.

17. Organizations support this recommendation and note that, as a starting point, a review of the terms of reference of the Private Sector Focal Points Network should be prioritized, with the aim of designing a clear link between working-level efforts of partnership practitioners and a principal-level mechanism for decision-making. Organizations also suggest that the Focal Points Network could be co-convened by the Global Compact Office and the Office of the Deputy Secretary-General on an annual basis at the Under-Secretary-General and Assistant Secretary-General levels.

18. Organizations also note that the Focal Points Network should continue to enhance its effectiveness, including through securing additional funding which would allow it to play a more active role.

19. Some organizations deem the reference to "problems related to partnerships with the private sector" too vague and believe that it should be made more specific and inclusive, and underscore that the Network should in no way be perceived as a complaint mechanism or as having an "oversight" function.

Recommendation 6: a system-wide database

All heads of the United Nations system organizations, assisted by the United Nations Global Compact, should jointly create a common database on the profiles and performance of the businesses that are involved, or potentially interested, in partnerships with the United Nations, based on information voluntarily submitted by the participating organizations.

20. Support of this recommendation by organizations is partial: While several recognize that the sharing of information across the United Nations system would facilitate due diligence of potential partners and provide some consistency across United Nations entities, other organizations, engaged in more mature private-partnership activities, find that the proposed database is unlikely to replace internal knowledge and resources.

21. Organizations acknowledge that the success of voluntary partnership-related information-sharing efforts across the United Nations depends on investment by a wide pool of United Nations entities in relevant information with a view to turning that information into a comprehensive and valuable resource. Previous efforts to facilitate such information-sharing on a systematic basis have failed to gain traction, as incentives can lead to competition rather than collaboration among United Nations entities.

22. Some of the additional concerns regarding the feasibility of this recommendation are linked to cost implications and in this regard, organizations note that the type of information relevant for business varies according to the missions and mandates of United Nations system organizations, and that updating such information would be a considerable task. Furthermore, whether developing such systems should be the role of the Global Compact Office or rather that of the United Nations Office for Partnerships, remains an open question.

Recommendation 7: common standard procedures and safeguards for due diligence

The Secretary-General of the United Nations and all the executive heads of participating organizations should identify and agree on a minimum set of common standard procedures and safeguards for an efficient and flexible due diligence process, to be applied system-wide in a transparent way by the United Nations operational staff engaged in the initiation and implementation of partnerships with the private sector.

23. Organizations welcome the proposed identification of a minimum set of common standard procedures and safeguards based on the understanding that, as indicated in the recommendation, organizations can retain the flexibility to develop specific and more sophisticated due diligence systems adapted to their organizational needs.

24. Organizations note that this recommendation aligns with the Secretary-General's vision for strengthening system-wide integrity, due diligence and risk management as part of efforts to reposition the United Nations development system, and add that the United Nations Sustainable Development Group Results Group for Strategic Partnerships is currently addressing these issues.

25. Organizations also note there are obvious benefits stemming from external due diligence assessments, and that the United Nations system should continue to engage private sector companies that specialize in rating the sustainability of prospective United Nations partner companies based on their environmental, corporate and social performance (including on human rights).

26. Given the specific needs and objectives of United Nations system organizations with respect to private sector engagement, organizations note that adoption of a one-size-fits-all approach to procedures and/or safeguards will face considerable difficulties. For example, certain entities of the United Nations system ban partnering with certain sectors or companies, while others engage with them for the sake of the ultimate goal to be achieved through the partnership.

27. Further, while a common due diligence resource may have value for smaller organizations and those engaged in fewer private-sector partnership activities, organizations with a larger volume of activity and more complex partnerships must have the flexibility to manage and implement their own due diligence arrangements in order to be able to respond readily to potential partnership opportunities, provided that their due diligence processes meet the minimum requirements.

Recommendation 8: revised mandate for the Global Compact

The General Assembly, based on a report by the Secretary-General, should initiate a revision of the current mandate of the Global Compact, which should include, inter alia:

- **A clearer role of the Global Compact, at the global and national levels, in effectively engaging the business sector to support the implementation of the 2030 Agenda**

- **An enhanced role for Member States in its governance structure**
- **An updated definition of the relationship between the Global Compact Office and the Foundation for the Global Compact, with an emphasis on the transparency of the Foundation's fundraising activities**
- **A clear definition of the relationship between the Global Compact headquarters and the Global Compact Local Networks.**

28. Organizations note that this recommendation is addressed to the General Assembly.

29. Organizations underline the important role and responsibility of individual United Nations entities in coordination related to the targets under the Sustainable Development Goal that fall within their respective mandates, including within the context of how the private sector can contribute to achieving them.

30. The mandate of the United Nations Global Compact and its ten principles have been recognized by Member States in General Assembly resolutions as well as the Addis Ababa Action Agenda of the Third International Conference on Financing for Development[3] and the Sendai Framework for Disaster Risk Reduction 2015–2030[4] — key pillars of the 2030 Agenda. Under its "Making Global Goals Local Business" strategy, the United Nations Global Compact drives a principle-based approach to responsible business practice and encourages action in support of achieving the Sustainable Development Goals by 2030.

31. Organizations agree that the Global Compact Office could play a major role in enhancing system-wide coherence and bringing partnerships together. However, the Joint Inspection Unit should note that this is a huge undertaking and that the Global Compact Office may require additional resources in order to implement this recommendation. Organizations suggest that the recommendation could have included a point addressing more clearly the type of support that the Global Compact would be expected to provide to United Nations organizations to facilitate their engagement with strategic partners.

32. Organizations note that the report of the Joint Inspection Unit was developed before the conclusion of a comprehensive governance review of the United Nations Global Compact was undertaken to ensure that the initiative was fit for purpose. The governance recommendations were approved by the Secretary-General and led to the establishment of a new Board chaired by the Secretary-General. A clearly defined role for Member States within the United Nations Global Compact governance structure has been assured through the creation of a permanent seat on the Global Compact Board held by the Chair of the United Nations Global Compact Government Group.

33. Organizations also note that the relationship between the Foundation for the Global Compact and the Global Compact Office is clear-cut and transparent. The Foundation for the Global Compact is a non-profit entity incorporated under New York State law whose sole purpose is to support the work of the United Nations Global Compact. The sole beneficiary of the contributions received by the Foundation is the United Nations Global Compact and its activities. The Foundation for the Global Compact makes its audited financial statements publicly available on its website. The fact that the Foundation is recognized by GuideStar.org as a gold-level participant demonstrates the Foundation's commitment to transparency. Many United Nations entities have established non-profit public charities with a mandate and purpose similar to those of the Foundation for the Global Compact.

[3] General Assembly resolution 69/313, annex.
[4] General Assembly resolution 69/283, annex II.

34. Organizations note that as recently as 22 December 2015, Member States, in General Assembly resolution 70/224, entitled "Towards global partnerships", recognized the important role of Global Compact Local Networks as an avenue for diffusing United Nations values and principles and facilitating partnerships with business on a broad scale. In 2018, new quality standards were established for Global Compact Local Networks, with a view to increasing the impact of the Global Compact at the local level. United Nations representation on Global Compact Local Network boards is now expected as well.

Recommendation 9

The Economic and Social Council should invite the Executive Secretaries of the regional economic commissions, if they have not already done so, to initiate and institutionalize a systematic and regular consultative dialogue with high-level representatives of private sector companies that contribute or have expressed interest in contributing to the implementation of the 2030 Agenda for Sustainable Development.

35. Organizations note that the recommendation is addressed to the Economic and Social Council.

36. Organizations are of the view that such consultative dialogues should be held in the respective regions of the regional economic commissions, possibly in connection with their regional sustainable development forums, provided that relevant expertise and resources are available for these activities.

Recommendation 10

The Secretary-General of the United Nations should encourage, in concertation with the executive heads of the Joint United Nations Programme on HIV/AIDS, the United Nations Development Programme, the United Nations Educational, Scientific and Cultural Organization, the United Nations Population Fund, the Office of the United Nations High Commissioner for Refugees, the United Nations Children's Fund, the United Nations Industrial Development Organization, the United Nations Office for Project Services and the World Food Programme and the executive heads of any other interested United Nations organizations with a presence in the field, a multi-stakeholder mechanism of consultations and solution-seeking at the country level, steered by the Resident Coordinator, in which the businesses are involved from the beginning in the design of partnerships in support of the 2030 Agenda for Sustainable Development. Where such mechanisms initiated by Governments exist, the United Nations country teams should encourage multi-stakeholder participation.

37. Organizations support this recommendation and favour the creation of a regular multi-stakeholder mechanism of consultations and solution-seeking at the country level for which businesses are involved at the design stage. This issue is also being addressed by the United Nations Sustainable Development Group Results Group for Strategic Partnerships.

Recommendation 11: coordination of innovation partnerships

The Secretary-General, in his capacity as Chair of the United Nations System Chief Executives Board for Coordination, and the executive heads of interested organizations, should build on existing and ongoing efforts and continue to empower the United Nations Innovation Network or other existing United Nations joint innovation initiatives to identify and discuss issues that are relevant for the coordination of the existing innovation initiatives, funds, labs, accelerators and

incubators, and their interface with the private sector, with a view to facilitating and stimulating innovation in the implementation of the 2030 Agenda.

38. Organizations are generally supportive of this recommendation and emphasize that, by its nature, innovation is part of the core strategy of individual United Nations organizations, and that the closer to the field partnerships are sourced, managed and engaged in, the more likely they are to succeed. Organizations note that the United Nations Sustainable Development Group Results Group on Business Innovations is focusing on this topic.

39. Organizations welcome the recommendation addressed to the Secretary-General in his capacity as Chair of the United Nations System Chief Executives Board for Coordination with respect to empowering the United Nations Innovation Network, while noting that the recommendation as currently formulated does not detail the meaning of "empower". Moreover, organizations appreciate the reference by the Joint Inspection Unit to "existing and ongoing efforts" to increase coordination around shared objectives and in this regard, recall the UN Data Innovation Lab workshop series held during 2016 and 2017 as an outcome of the discussions on the data revolution held at the first regular session of 2015 of the Chief Executives Board (see CEB/2015/1).

40. Further, organizations note that innovative solutions could be highlighted during the multi-stakeholder forum on science, technology and innovation for the Sustainable Development Goals, convened annually by the Economic and Social Council.

Recommendation 12: support for engagement by small and medium-sized enterprises

The Secretary-General should request the United Nations System Staff College Knowledge Centre for Sustainable Development, in cooperation with the International Trade Centre, to host a system-wide online platform to facilitate communication with micro, small and medium-sized enterprises on the 2030 Agenda, interaction among enterprises, information on access to funding, promotion of good practices and opportunities to engage with United Nations operations.

41. Organizations are generally supportive of this recommendation and note that efforts to communicate with and engage small and medium-sized private sector entities with respect to the Sustainable Development Goals should be welcomed and pursued. By incorporating the Sustainable Development Goals in their core activities, these business entities can become integral contributors to delivery of the Goals in their national contexts, while promoting (and benefiting from) inclusive growth. Some reservations have been expressed, however, regarding developing United Nations system wide-scale partnerships with small and medium-sized business entities, it being noted that the individual potential of these companies to partner may be limited.

42. Pointing to the current experience and capacity of the Department of Economic and Social Affairs of the United Nations Secretariat in managing multiple platforms related to the 2030 Agenda for Sustainable Development, some organizations suggest that an online platform of this type could also be managed by the Department, in collaboration with the International Trade Centre, the United Nations Conference on Trade and Development and the United Nations Industrial Development Organization.